

**HOME TELEPHONE COMPANY**  
**9 Stoney Landing Road**  
**P.O. Box 1194**  
**Moncks Corner, South Carolina 29461**  
**843-761-9101**

May 18, 2010

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

RE: WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 05-337  
Notice of *Ex Parte* Presentation

Dear Ms. Dortch:

On May 17, 2010, Keith Oliver of Home Telephone Company, Inc. and Ben Spearman of PBT, Inc. met with Angela Kronenberg, Commissioner Mignon Clyburn's Acting Wireline Legal Advisor, to discuss the impact of the National Broadband Plan on broadband access for low income and rural citizens. Mr. Oliver and Mr. Spearman discussed the importance of continued USF support that currently provides for broadband in existing rural networks as well as policies that encourage investment in rural broadband deployment. A copy of the presentation which was discussed at the meeting is attached.

Should there be any questions concerning this matter, kindly contact the undersigned.

Respectfully submitted,

Home Telephone Company, Inc.

By: /s/ Keith Oliver  
Keith Oliver  
Senior Vice President-Corporate Operations

Attachment

cc: Angela Kronenberg



# The National Broadband Plan

Perspectives on Availability (Chapter 8)  
from Rural South Carolina

Presented by:

Home Telephone Company, Inc.

Keith Oliver, Sr. V P Corporate Operations

[Keith.Oliver@HomeTelco.com](mailto:Keith.Oliver@HomeTelco.com)

PBT, Inc.

Ben Spearman, Vice President, Regulatory

[BSpearman@PBTTE.net](mailto:BSpearman@PBTTE.net)



# Who We Are

- Serve over 44,000 households
- Serve over 1,600 square miles
- Approximately 40% minority
- Approximately 40% over age 55
- Approximately 25% lack high school diploma
- Approximately 15% below poverty level



# What We Do

- Approximately 95% of households have access to 4Mbps broadband
- On average, each company spent \$7 million in network construction in each of the last 3 years
- Have budgeted over \$12 million per company on average for each year of the next 3 years



# Our Cost Characteristics

Average Monthly Loop Cost - \$45.00

National Average Monthly Loop Cost - \$28.00

Average Direct Broadband Cost per Subscriber - \$14.00

Total Estimated Monthly POTS Network Cost per  
Subscriber - \$64.00

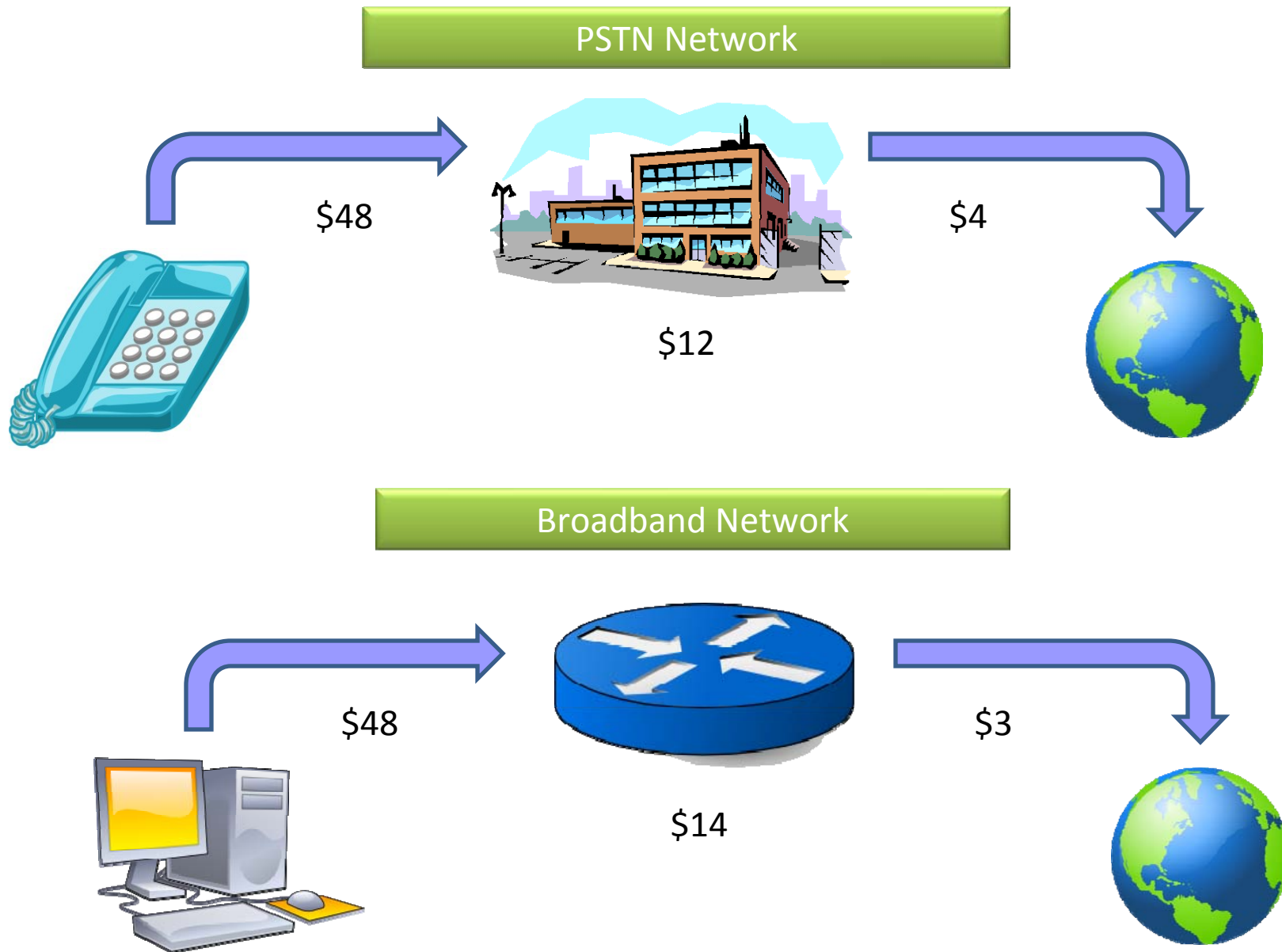


# Non-Subscriber Revenue Flows

On average, over 30% of total regulated revenues are from USF/ICC source

More importantly, they represent over 300% of our net operating income (i.e. without these revenues, a \$1 profit becomes a \$2 loss)

# COMPANY SPECIFIC FACTS ABOUT RURAL NETWORK COST






# Universal Service Funding is:

- The key to broadband deployment in high cost rural areas.
- Broadband will not be available in rural areas without support





# What the National Broadband Plan Gets Right

The National Broadband Plan makes several key points:

- a) Broadband should be a supported service
- b) The USF contribution base must be expanded
- c) USF and ICC are a major part of RLEC revenue
- d) Everyone should have access to affordable broadband service
- e) There should only be one subsidized provider per market
- f) CAF should be provided to sustain broadband service where it is currently supported by existing USF



# Our Concern

The National Broadband Plan fails to translate these important findings into the plan's road map for rural broadband deployment.



# One Major Flaw:

- Plan creates a digital divide:

“In the future, billions of devices will be accessible through the internet at ever-increasing speeds, using applications that, for the most part, have yet to be conceived.”

Commissioner Copps – *Bringing Broadband to Rural America*, May 2009

The plan condemns rural America to 4% of the national broadband targeted speed.



## Additional Quotes from *Bringing Broadband to Rural America*

“Too many rural Americans are being left behind.”

“Should not elevate the need for short term progress over longer term objectivity.”

“Given the high fixed cost of constructing broadband networks, once built, they are not likely to be replaced, especially in rural areas that are unserved today.”

“Bandwidth – intensive applications could very quickly become the norm in the US – even in rural areas.”

“Access to video programming is often an important element in a customer’s decision to purchase broadband service.”

Commissioner Copps – *Bringing Broadband to Rural America* May 2009



## Second Major Flaw:

- The plans paralyzes the ability to invest in rural networks
  - Existing funding is to be frozen and reduced
  - New funding is not created until 2012 and would appear unlikely to be available to most current rural carriers

Tremendous uncertainty exists



## Obstacles to Rural Broadband Deployment

“The high cost program indirectly support the provision of broadband.”

“All relevant federal agencies should review their programs to identify what internal barriers, if any, may be making rural broadband deployment more difficult.” Commissioner Copps – *Bringing Broadband to Rural America* May 2009

The proposed National Broadband Plan creates the largest single federal agency obstacle to rural broadband deployment.



# Does the Plan Repeal the 1996 Telecom Act?

(3) ACCESS IN RURAL AND HIGH COST AREAS – Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.

Section 254(b)(3)

Telecommunications Act of 1996



# What Must be Done?

In the final analysis, sufficient revenues must exist to support the cost of the broadband network. Much of this cost is embedded into existing rural networks.

A way forward must be found that allows rural America access to comparable broadband speeds and rates, which will require supporting actual cost and encouraging, rather than paralyzing investment in rural broadband networks.





# Conclusion

Considerable efforts are needed to fix major flaws in the proposed Nation Broadband Plan.

The question is, will the FCC work with rural America to ensure all Americans can be fully connected to what is sure to become our nation's most critical infrastructure – broadband.